

VZCZCXRO4164
PP RUEHPT
DE RUEHBY #0220/01 0640545
ZNR UUUUU ZZH
P 040545Z MAR 08
FM AMEMBASSY CANBERRA
TO RUEHC/SECSTATE WASHDC PRIORITY 9135
INFO RUEHWL/AMEMBASSY WELLINGTON PRIORITY 5232
RUEHBN/AMCONSUL MELBOURNE PRIORITY 5048
RUEHPT/AMCONSUL PERTH PRIORITY 3331
RUEHDN/AMCONSUL SYDNEY PRIORITY 3237
RHEHNSC/NSC WASHINGTON DC PRIORITY

UNCLAS SECTION 01 OF 02 CANBERRA 000220

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [AS](#)

SUBJECT: RUDD SHINES IN FIRST 100 DAYS

11. (SBU) SUMMARY: In its first several months, the Rudd Government has made a smooth transition to Government, enjoying a continuing honeymoon with the media and the public. To mark 100 days in office, the Prime Minister issued a report card outlining the Rudd Government's achievements and implementation of election promises. The list included: introducing legislation to abolish Australian Workplace Agreements (AWAs), apologizing to Indigenous Australians, signing Kyoto, moving to withdraw troops from Iraq, and the commissioning of a new Defense White Paper. The Coalition predictably has claimed that the Rudd Government has presided over "100 days of uncertainty and spin" but the electorate, despite increasing economic uncertainty, is broadly satisfied with the Rudd Government. A Newspoll released March 4 gave Rudd a record-high 73 percent approval rating and Opposition Leader Brendan Nelson a devastatingly low seven percent approval. How Rudd steers the economy through the current inflation challenge, and whether he can continue to blame the former Howard Government for rising interest rates, will largely determine how long his honeymoon with the electorate will endure. END SUMMARY.

100 DAYS - THE MEDIA'S VIEW

12. (U) Major Australian newspapers this week examined Rudd's inaugural 100 days. "The Australian" praised Rudd's apology to the Stolen Generations and his pragmatism at the Bali climate change summit, while warning that "reality is biting" in terms of meeting high expectations in health care and the Government's implied campaign promise to contain grocery and petrol prices to help "working families." "The Sydney Morning Herald" declared that "Kevin Rudd's government strikes the onlooker as earnest, hard-working, and with some good ideas...Australians tend to become nervous if their leaders look too exciting; they prefer reassuring competence. So far, Mr. Rudd and his ministers have given them that." While generally praising the Government's approach in foreign affairs, the Sydney Morning Herald criticized the ban on uranium sales to India and the pull-out from the quadrilateral dialogue. "The Australian Financial Review" wrote that "Prime Minister Kevin Rudd has successfully translated his mastery of the politics of campaigning against a tired government into a mastery of parliament and government in a country in search of change...He has shown the expected firm grasp of foreign policy." However, it criticized the ALP's protectionist positioning on the car industry and its local preference policy for defense purchases.

RUDD'S REPORT CARD

13. (U) On February 29, Rudd published his accomplishments in a document entitled "First 100 Days - Achievements of the Rudd Government." Carefully emphasizing that the document

was paid for by the Australian Labor Party (ALP) and not the taxpayer, Rudd listed what his Government had done in nine key areas including "responsible economic management," "making ends meet," "fairness and flexibility in the workplace," "fixing our health and hospitals system," and "national security, foreign policy and international affairs." On March 4, a Newspoll published in the Australian newspaper gave Rudd a 73 percent approval rating, up three points from the previous poll. The Opposition Leader sank from a record-low nine percent approval two weeks earlier to seven percent in the latest poll.

"100 DAYS OF SPIN AND UNCERTAINTY"

Q"100 DAYS OF SPIN AND UNCERTAINTY"

14. (U) The same day the Rudd Government released its report card, the Liberal Party predictably released its own assessment - which it called "100 days of spin and uncertainty". Its criticisms included the large number of reviews and inquiries the Government had set up, the ALP's watering down of the Coalition's intervention in Aboriginal communities, falling business confidence, rising interest rates, the ALP's links with the unions, the ruling out of further tax cuts in the short-term, and certain spending cuts. The Liberal Party's report received little media attention and, judging by the poll numbers, failed spectacularly to impress the public.

ECONOMY IS THE KEY

15. (SBU) COMMENT: In his first 100 days, Rudd has been able to keep his "working families" satisfied. The unions have not caused trouble. The middle-class Left is pleased with his signing of Kyoto and the apology to the Stolen Generations and, as evidenced in his recent Timor

CANBERRA 00000220 002 OF 002

intervention, Rudd has weathered his first foreign crisis well. Rudd believes if he honors his election promises, runs a government free of scandal and broken promises, and continues to govern from the center, the public will not turn on the Government for dispensing tough economic medicine in an attempt to control inflation. Realizing that accelerating inflation poses the biggest threat to Australia's economy, Rudd has chosen to get out front by highlighting the problem and stressing the Government's commitment to getting inflation under control. He has blamed the Howard Government for stoking inflation through excessive spending while committing that his upcoming budget will reduce government spending, increase the budget surplus and shift spending to areas that expand capacity. The challenge will be to square the fight against inflation with implementing the tax cuts Rudd promised during the election, which are widely viewed as inflationary. Rudd is erring on the side of honoring his commitments, believing that continued tightening by the Reserve Bank of Australia and offsetting spending cuts will be enough to get inflation under control by the time he has to go to the polls again.

MCCALLUM